MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

BLE2074 – LABOUR ECONOMICS

(All sections / Groups)

3 MARCH 2018
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO (2)** printed pages with **FIVE (5)** structured questions.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

ANSWER ALL FIVE (5) STRUCTURED QUESTIONS (100 MARKS)

Question 1

(a) One of the properties of indifference curve is a downward-sloping curve that convex (bowed inward) to the origin. Explain why the indifference curve is not a linear downward-sloping curve.

(8 marks)

(b) Suppose the slope of the budget line is flatter than the slope of the indifference curve it intersects at a particular combination of income and leisure. Explain how the worker should react to this situation in order to achieve utility maximisation point.

(6 marks)

(c) Assume that the productivity and price of non-labour resources are constant. Explain why a decrease in the wage rate for occupation X will generate more job opportunity for occupation X in the long run as compared to the short run, based on output and substitution effects.

(6 marks)
(Total: 20 marks)

Question 2

(a) How does each of the following activity affect the equilibrium wage rate and level of employment?
(i) An increase in the labour productivity with product price is constant.
(ii) An improvement of the nonwage aspects of the job.
(iii) A decline in the price of gross complement for labour.

(6 marks)

(b) Define compensating wage differentials. Discuss the **THREE (3)** sources of compensating wage differentials with examples of each.

(8 marks)

(c) Distinguish between shirking and turnover models.

(6 marks)
(Total: 20 marks)

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Question 3

Unions can increase the wage rate paid to their members by increasing the demand for labour. Discuss the **FOUR (4)** unions' actions with examples of each.

(Total: 20 marks)

Question 4

(a) Distinguish between wage discrimination, employment discrimination, occupational discrimination, and human capital discrimination in relation to women workers.

(10 marks)

(b) Discuss the theory of statistical discrimination by giving an example. How can this type of discrimination be decreased?

(10 marks)

(Total: 20 marks)

Question 5

(a) Discuss the **THREE (3)** determinants of migration and cite examples of each.

(9 marks)

(b) "Wage differentials may generate capital and product flows that tend to equalize wages in the long-run and reduce the extent of labour migration." Do you agree? Explain with a diagram.

(11 marks)

(Total: 20 marks)

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